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[Government Executive](#)

Lawmakers are considering legislation to shape up what one called "major deficiencies" in Veterans Affairs Department contracting, in the wake of critical watchdog reports.

In October, the Government Accountability Office released a report showing the service-disabled, veteran-owned small business contracting program was vulnerable to fraud and abuse. By conducting 10 case studies, the watchdog agency found \$100 million in contracts earned through fraud or abuse of the program. GAO reviewed the [results of that study](#) for the House Veterans' Affairs Subcommittee on Oversight and Investigations during a hearing on Wednesday.

The subcommittee also heard from several veteran-owned companies, which lamented everything from significant contract delays to a lack of communication between the agency and vendors.

"It is no secret that there are major deficiencies within VA's procurement process, and to blame are a number of things, including a lack of a centralized acquisition structure, self-policing policies in place that allow fraud and abuse, and continuous material weaknesses," said Rep. Harry Mitchell, D-Ariz., chairman of the subcommittee.

Mitchell said he is optimistic that reform of the system can be accomplished, but added that policy and procedural changes might be necessary.

Rep. Steve Buyer, R-Ind., ranking member of the full Veterans' Affairs Committee, last week introduced a potential legislative fix. According to Buyer, the 2009 Department of Veterans Affairs Acquisition Improvement Act ([H.R. 4221](#)) would "completely restructure VA's procurement contracting system in an effort to increase the efficiency and effectiveness of the overall acquisition process."

The bill would establish an Office of the Assistant Secretary for Acquisition, Construction and

Asset Management, and charge this unit with setting procurement policy and structuring the acquisition bureaucracy appropriately. The office also would be responsible for overseeing contracts and maintaining a verifiable database of service-disabled veteran-owned small businesses.

"It is clear that VA requires a centralized system that provides strict oversight and direction for its acquisition processes," Buyer said. "The bill ... would implement a streamlined process that allows for greater efficiency and better enforcement of policies and regulations intended to increase contracting opportunities for disabled veteran entrepreneurs."

Glenn Haggstrom, executive director of the VA Office of Acquisition, Logistics, and Construction and acting chief acquisition officer, told the subcommittee the department is making significant strides centralizing and improving its procurement processes. He touted the realignment of the Veterans Health Administration under a central structure with four regional offices focused on internal business processes, as well as training and oversight.

The department also is working to improve relationships with contractors. Haggstrom said VA recently established a Supplier Transformation Relationship Initiative.

"For the first time ever, VA's supplier community is being treated as a critical component to VA's success," Haggstrom said. "This initiative improves VA's acquisition process by establishing better and more transparent communications with vendors, which increases VA's access to industry's best practices and innovation."